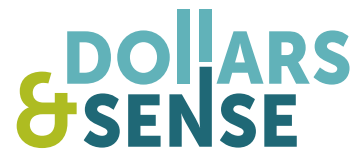


# TENNESSEE Funding Reform



## Why Change our Funding Formula in Tennessee?

Tennessee has an opportunity to modernize our approach to educating our diversifying student population and ensure that schools have the resources necessary for their success. We know that money really matters if we are to ensure students in Tennessee reach their full potential.

- **Increasing school funding can lead to higher achievement in low-income districts and increase low-income families' educational attainment and wages.**<sup>1</sup>
- **Allocating more funding for students with disabilities can lead to higher student outcomes for students with and without disabilities.**<sup>2</sup>

## Why a Student-Weighted Formula Matters

Our current formula, **the Basic Education Program, is a resource-based formula that is not driven by student need.** Instead, it assigns funding to districts based on 47 unique components that are an outdated list of resources that are not adequate to meet the needs of students today.<sup>3</sup>

Student-weighted formulas **improve access, increase transparency, and expand flexibility.** A student-weighted funding formula matters because students with different or additional needs require specific supports and services to ensure they are receiving the same quality education as their peers. Currently, **34 States use a student-based funding model.**<sup>4</sup>

## Recommendations for Funding Reform in Tennessee

1. **A thoughtful stakeholder engagement process** to ensure a diverse array of voices are heard in the coming months. Every Tennessean has a stake in the outcome of this process, and authentic and meaningful engagement will ensure a stronger solution in the end.
2. **A simplified, student-weighted funding formula** guided by students' different levels of need with the goals of eliminating achievement and opportunity gaps. The State must provide clear dollar allocations by assigning additional "weights" for students from low-income families, English learners, students with disabilities, and rural students.
3. **An increased level of funding allocated through the State formula,** both overall and to student groups most in need, in order to support a rigorous, high-quality education program for all students. In the new formula, the State should invest an amount similar to that of a State at the national average GDP on a per-student basis, making future funding predictable for planning for districts.
4. **Fairness in allocations** by addressing local districts' ability to pay and providing appropriate funding to districts with low property wealth. This will help make up the difference between what a district needs and what it is reasonably able to contribute based on its ability to raise local revenue.

5. **Robust State and local data systems to ensure that dollars are used well** while providing enough flexibility to allow districts to respond to their local needs and context.

6. **A transparent and simple design to ensure ease in monitoring funding going to districts.**

The State should provide information on how the funding system is designed to work in clear, accessible language. Transparency allows stakeholders to engage in conversations about how well the State's funding meets students' needs.

## Recommendations by Student Group

### ENGLISH LEARNERS:

- Weights applied to the base amount for every English learner (e.g., Provide 100% to 150% more or, 2 to 2.5 times as much) funding for English learners
- Assign students to tiers based on their level of English language proficiency, with more funding for students at lower proficiency levels or other characteristics (e.g., grade-level, entry tier, newcomers with limited or interrupted formal education, native language prevalence in their district, number of English learners in a district, and a minimum level of service to ensure all students' needs are met)

### STUDENTS FROM LOW-INCOME BACKGROUNDS:

- A generous weight for students from low-income backgrounds based on direct certification in addition to the base amount (e.g., provide 100% to 200% more, or two to three times as much funding for students from low-income families than for students from higher-income families)
- An additional, sliding-scale weight based on the concentration of students from low-income backgrounds in the district

### STUDENTS IN RURAL SCHOOLS:

- A sliding-scale weight for each student enrolled in a sparse district, as defined by the number of students per square mile, in which districts with fewer students per square mile receive more funding
- An additional weight for students in districts that are isolated, as defined by the U.S. Census Bureau's 'rural-remote' designation

### STUDENTS WITH DISABILITIES:

- A generous weight for students with disabilities in addition to the base amount
- Students are assigned to one of the five tiers based on their IEP's listed skills and abilities, increasing funding for students with more significant needs
- A high-cost service fund to provide additional support to districts with higher special education costs

Learn more at [TheAllianceTn.org/dollars-and-sense/resources](https://TheAllianceTn.org/dollars-and-sense/resources).

### ENDNOTES:

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2. Cruz, Lee, J.-H., Aylward, A. G., & Kramarczuk Voulgarides, C. (2020). The Effect of School Funding on Opportunity Gaps for Students With Disabilities: Policy and Context in a Diverse Urban District. *Journal of Disability Policy Studies*. <https://doi.org/10.1177/1044207320970545>
3. Polanchek, C. (n.d.). The Basic Education Program (BEP). Tennessee Comptroller of the Treasury. <https://comptroller.tn.gov/office-functions/research-and-education-accountability/interactive-tools/bep.html>
4. Education Commission of the States. (2021). K-12 and Special Education Funding: Primary Funding Model. 50-State Comparison. <https://reports.ecs.org/comparisons/k-12-and-special-education-funding-01>